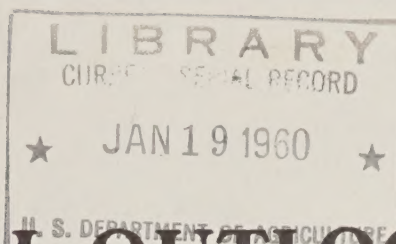


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the AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U. S. D. A.

WASHINGTON, D. C.



AOD-60 DECEMBER 1959

Year-end indications support earlier prospects for a high level of economic activity in 1960.

A 10% increase in business spending for plant and equipment is likely next year, according to the preliminary McGraw-Hill survey. This would exceed the 7% increase of this year. However, the 1959 gain is less than expected earlier because of slow-downs in the last half of 1959 resulting from steel shortages. Capital outlays by manufacturing industries next year are expected to be up almost a fifth from 1959. Smaller increases are indicated for non-manufacturing industries.

Expenditures for new construction are likely to be up slightly in 1960, the Department of Commerce forecasts. Total volume of construction is not likely to change much from 1959 but higher prices will raise the value.

Nonresidential building will provide most of the strength expected in private construction. Number of nonfarm homes built probably will fall slightly. Value of public construction is likely to be up a little from this year.

A good automobile year is expected in 1960. Forecasts of the Commerce Department indicate output of 6.7 million passenger cars, a fifth more than in 1959, and the most since 1955. Record production is likely in the first half, if steel is available.

LIVESTOCK. Slaughter of hogs, sheep and lambs, and cattle were above a year earlier the last two months. Commercial meat production in October exceeded 2.4 billion pounds for the first time in 2 years. November output declined but remained above a year earlier. Average livestock prices fell below a year earlier as slaughter increased.

DAIRY. Consumption of fluid milk products has been running above 1958, milk production is a little lower. This has left less milk for manufacturing, and production of butter, cheese and evaporated milk is below last year. Prices for milk this fall are generally higher than in the fall of 1958.

Quantity of butter and cheese purchased for price support so far this year is equivalent to about 2 billion pounds of milk compared with 2.3 billion in the same period last year.

EGGS. Production the last two months has been running a little under October-November, 1958. With a smaller laying flock, supplies are likely to continue below a year earlier in the first half of 1960.

BROILERS. Production is likely to continue below a year earlier in the first quarter of 1960, according to data on chick placements and egg settings. Prices have risen recently, and in some areas were above a year earlier for the first time in 1959.

SOYBEANS. Prices during harvest showed more strength than usual this year, averaging about 11¢ above support, and 5¢ above a year earlier in October-November. Delayed harvest, heavy storage, strong export and crusher demand, are main reasons.

UNITED STATES DEPARTMENT OF AGRICULTURE
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Soybean crush this year may total 400 million bushels or more...exports are likely to set a new record of at least 125 million. This would leave stocks next October 1 of about 45 million bushels, approximately a fourth smaller than those of this year. Strong demand in prospect probably will hold prices above support during the rest of the 1959-60 marketing year.

FEED. Prices of grains and high-protein feed this fall are averaging close to last year's levels. Demand has been generally strong and big supplies are available.

Delayed harvest due to wet weather in areas of the Corn Belt probably resulted in less seasonal decline in corn prices than might otherwise have occurred. But seasonal rise probably will fall short of 23% increase registered from November to June 1957-58.

Year's final crop report showed a feed grain production of 165.6 tons, 5% above the 1958 record. Total supply of all feed concentrates is set at 263 million tons, up 7%. While domestic use and exports may exceed last year's record, record production will result in substantial boost in stocks next October 1.

COTTON. Year's final estimate placed 1959 crop at 14.7 bales of 500 pounds each. This was 3.2 million bales above 1958 crop and above 1948-57 average of 14 million. Yield fell short of earlier expectations, averaging one pound short of 1958 record of 466 pounds per acre.

Total cotton supply for 1959-60--crop plus carryover of 8.9 million bales, plus allowance for imports--adds to 23.7 million running bales. This is 3.4 million more than last year. Increase in supply is likely to about match increase in disappearance, leaving stocks about unchanged next August 1.